



STATE OF MARYLAND

DHMH

Maryland Department of Health and Mental Hygiene
Office of Health Care Quality
Bland Bryant Building • Spring Grove Center
55 Wade Avenue • Catonsville, Maryland 21228

To: All Skilled Nursing Facilities (SNF's)
From: Carol Benner, Director Licensing and Certification Administration
Subject: **Skilled Nursing Facility (SNF) Rules on Distinct Part Bed Size - Limits on Changes in Bed Size for Distinct Part certifications.**
Date: February 26, 1999

In the recent past, the Health Care Financing Administration (HCFA) has permitted Skilled Nursing Facilities to modify the number of beds included in their district parts, routinely whenever the facility made such a request. It has been determined that this practice has placed an unnecessary burden on State survey agencies. Therefore, HCFA has determined that the State agencies must return to strict adherence to the previously provided "Provider Reimbursement Manual which significantly limits the timing and number of times that skilled nursing facilities may change their Medicare Distinct Part.

Please review the attached memo of February 10, 1999 from HCFA to the State Agency Directors which reiterates the HCFA policy regarding the rules on distinct part bed size changes.

Therefore, if you have made a request for a change in the number of beds to be included in your facility's Medicare Distinct Part, and have not yet received written verification that this has been accepted, please reevaluate your request and advise your Health Facility Survey Coordinator from this Administration in writing immediately, if you wish to make an alteration in the prior request.

If you have any questions, please contact your facility's Health Facility Survey Coordinator at (410)764-2770.

Suite 216, The Public Ledger Bldg.
150 S. Independence Mall West
Philadelphia, PA 19106

Date: February 10, 1999

IDENTICAL LETTER TO STATE AGENCY DIRECTOR SS/C # 99-04

Subject: Skilled Nursing Facility (SNF) Rules on Distinct Part Bed Size - Limits on Changes in Bed Size for Distinct Part Certifications.

A number of years ago, the Health Care Financing Administration (HCFA) informally relaxed its rules on changes in distinct part certifications. In recent years, there has been a tremendous increase in changes in bed certifications, with almost weekly changes experienced with some facilities. After several months of discussion, it has been determined that HCFA and its state agents shall return to strict adherence to the requirements as set forth to the providers in the Provider Reimbursement Manual.

The purpose of this memorandum is reiterate and implement the HCFA policy regarding the rules on distinct part bed size changes.

SNF Rules on Distinct Part Bed Size Changes

Section 2337 of the Provider Reimbursement Manual, Part I clearly states that a SNF may change the size of its distinct part only once per cost reporting year. To change its distinct part bed size, a distinct part SNF must submit a written request identifying its current configuration and the proposed configuration to which the distinct part certification will apply at least 120 days in advance of the beginning of its cost reporting year. The change becomes effective at the beginning of the cost reporting year of the provider following approval of the written request for change. The change must be approved prior to the start of the cost reporting year.

A SNF that did not request a change in the bed size of its distinct part at the beginning of its cost reporting year may request one change during its cost reporting year under one of the exceptions noted below.

To change its distinct part bed size, a distinct part SNF must submit a written request identifying its current configuration and the proposed configuration to which the distinct part certification will apply at least 120 days in advance of the cost reporting quarter, that falls within the same cost reporting year, wherein it seeks to change its bed size. The change becomes effective at the beginning of the cost reporting quarter, only if it falls

within the same cost reporting year, of the provider following approval of a written request for change. Where the provider receives an effective date of change less than 30

days before the beginning of the next cost reporting quarter, that falls within the same cost reporting year, the effective date may be delayed on the written request of the provider, to either the following cost reporting quarter that falls within the same cost reporting year or the beginning of the next cost reporting year of the provider, whichever comes first. If the change becomes effective at the beginning of the next cost reporting year, the provider cannot change its bed size during that cost reporting year and must wait until its next cost reporting year to do so.

The exceptions include:

I. Life Safely Requirements.--An institution or institutional complex may request a reduction in the size of its distinct part SNF to avoid being out of compliance with the Life Safety Code requirements (e.g., sprinkler installation), if the proposed distinct part SNF is separated from the rest of the facility by a 2-hour fire wall, so that there is no danger of the fire spreading there from other parts not meeting safety requirements. In this case only, the proposed reduction in the size of the distinct part SNF may be established with an effective date that is requested by the provider, but not earlier than the date that the separation can be documented. A full survey by the fire authority must be performed if the reason for the request is to limit noncompliance with fire safety requirements.

2. Enlargement Through Construction, Purchase, or Lease of Additional Space. --An institution or institutional complex may request an increase in the bed size of the certified distinct part SNF to include space acquired through new construction, purchase or lease. This space cannot be added to the distinct part SNF if a change in bed size has already been approved for that cost reporting year.

3. Establishment of or Enlargement of a Distinct Part NF.--An institution or institutional complex may request a change in the size of its certified distinct part SNF for the express purpose of establishing, or enlarging a NF. A NF cannot be added or enlarged if a change in bed size has already been approved for that cost reporting year. (NOTE: Where two distinct parts (one SNF only and one NF only) embody all of the beds in an institution, a change in the size of one would -- unless beds are taken out of service -- require a corresponding change in the size of the other. As a result, this one action taken by the distinct part SNF would effectively nullify its ability to exercise its right as a distinct part NF, to change the size of its distinct part NF during that cost reporting year.)

HCFA will begin to apply the policies articulated above to NFs certified to participate in the Medicaid program beginning on and after February 1. The State Operations Manual and the Provider Reimbursement Manual are currently being revised to ensure consistency between the Medicare and Medicaid programs.

A request for a change in the number of certified beds of a participating SNF and or NF cannot be approved on a retroactive basis; any change is made on a prospective basis only.

Implementation by the State Agencies in Region III:

Based upon the concern expressed by the states in Region III over the volume of bed change requests, we would expect a significant decrease in workload after the initial implementation period. There will, however, be peak periods for each state when changes will be requested, and the state agencies should anticipate the periodic workload increases. In Pennsylvania and Delaware, for example, virtually all facilities with the exception of a few chain operations have a June 30 fiscal year end. In those states, most requests will be received prior to February 1, and acted upon prior to May 31.

States may begin applying the one prospective change per year requirement effective immediately. Facilities submitting requests for change, or those with a request for change already into the state agency which has not yet been approved, should be advised of the requirements set forth above, and be allowed to rethink their request in light of the once per year requirement. It would clearly be impractical to impose the 120 day advance notification rule on facilities having a fiscal year of June 30 or earlier, but information should be disseminated widely enough to begin imposing that requirement for changes effective 8/31 or later.

While it is likely that trade publications will broadcast this information very quickly, we would request that the states use whatever "provider bulletin" mechanisms they have to get the information into provider hands as quickly as possible.

All states in Region III have, for many years, issued the letters to providers approving the changes in bed configurations, and issued tie in notices (HCFA 2007) to the fiscal intermediaries advising them of the change. We would expect that this practice will continue unchanged.

If you have any questions, please contact Dale Van Wieren at 215-861-4327.

Sincerely,
Timothy J. Hock, Chief
Elderly and Disabled Health Branch